

## Highlights of the Conference Agreement versus the House-passed Resolution

- **Revenues** — The conference agreement on the Republican budget resolution provides for a total tax cut of \$175 billion over five years (2001-2005), compared with a total tax cut of \$200 billion in the House resolution. The tax cut consists of a \$150 billion reconciliation directive and a \$25 billion reserve fund for additional tax cuts. The House resolution also had a \$150 billion reconciliation directive but had a larger reserve fund of \$50 billion for additional tax cuts. Like the House resolution, the conference agreement provides that the size of the tax cut can be increased if the Congressional Budget Office increases its budget surplus projection this summer.
- **Defense Funding** — The conference agreement provides \$310.8 billion for defense appropriations for 2001, which is \$3.5 billion more than the House resolution. However, the conference agreement assumes \$2.5 billion less for defense funding in the 2000 Kosovo supplemental appropriations bill. See *Function 050: National Defense* for a full discussion.
- **Medicare Reserve Fund** — The conference agreement does not resolve the structural differences between the House and Senate Medicare reserve funds. Instead, the conference agreement provides for separate reserve funds for the House and Senate. The House reserve fund follows the House resolution by providing \$40 billion over five years (2001-2005) for an undefined prescription drug benefit and unspecified Medicare reform legislation.
- **Appropriations Firewall for Defense and Non-Defense Programs** — Upon enactment of legislation increasing the 2001 cap on appropriations, the conference agreement creates a firewall between defense and non-defense appropriated programs for 2001. The firewall applies only to the Senate and is enforced by a Senate point of order that can only be waived by 60 votes. However, this firewall and the point of order apply to the conference reports on appropriations bills as well as to the Senate version of them. The House resolution did not contain any firewalls.
- **Education, Training, Employment, and Social Services** — The conference agreement is equal to the House resolution in budget authority for 2001 but \$600 million below the House resolution in outlays. Over five years (2001-2005), it provides \$1.5 billion more in budget authority than the House resolution.
- **Military Retirees** — Unlike the House resolution, the conference agreement provides a modest reserve fund to be used to fund legislation that improves health care for military retirees. The reserve fund is \$50 million for 2001, and totals \$400 million over 2001-2005, all of which is mandatory funding. However, this level is \$5.0 billion less than the

Democratic alternative resolution. See *Military Retirees* for a detailed discussion of this issue.

- ***Agriculture*** — Over five years (2001-2005), the conference agreement increases mandatory spending for agriculture by \$1.6 billion more than the House resolution.
- ***Reconciliation Dates for Tax Cuts and Debt Reduction*** — The conference agreement instructs the Ways and Means Committee to report two bills cutting taxes. The first must be reported to the House by July 14 and the second bill by September 13. The House resolution included four dates (May 26, June 23, July 28, and September 22) as the deadlines for reporting tax cut measures to the House.

The conference agreement also instructs the Ways and Means committee to report two bills reducing debt held by the public. These bills must be reported to the House by July 14 and September 13. While these reporting dates coincide with the deadlines for the tax cut bills, they are to be reported as separate freestanding bills. The House resolution included two dates (May 26 and September 22) as the deadlines for reporting these measures to the House. It is not clear how Congress can legislate a reduction in debt held by the public; this directive is likely to be symbolic only. Each year, if federal receipts are greater than federal spending, the publicly held debt decreases automatically.